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E.O. 12958: DECL: 05/31/2017
TAGS: KSCA PARM PREL ETTC GM
SUBJECT: (S) GERMANY ALERTED TO RECENT PROCUREMENT
ACTIVITIES BY THE SWEDISH FIRM MAHACO

REF: A. STATE 69524
 1B. 06 STATE 158596
 1C. 06 BERLIN 2846

Classified By: Minister-Counselor for Economic Affairs Robert F. Cekuta
, for reasons 1.4 (b) and (d).

¶1. (S) Global Affairs officer delivered demarche contained in ref to Markus Klinger, Deputy Director of the German MFA's Export Control Division, and Ina Schuett, desk officer, May ¶23. Klinger agreed to pass the information concerning Mahaco's brokering of a shipment of pressure transmitters from Germany's WIKA Alexander Wiegand to Iran's Mizan Machine Manufacturing Group to the German federal inter-agency export control group for immediate investigation.

¶2. (S) Klinger said the German Government is aware of Mahaco's history of procurement activities on behalf of Iran's WMD programs. He noted Swedish authorities had consulted the German Federal Economic and Export Licensing Agency (BAFA) in 2006 concerning a license application from Mahaco to export certain dual-use items to Iran. Klinger would not elaborate on the items or the outcome of the Swedish Government's decision, but noted BAFA had recommended denial. The German Customs Administration is also aware of Mahaco's activities and has the authority to stop shipments of German goods to Mahaco, Klinger added. In answer to Emboff's question about whether German Customs authorities would stop a shipment of items already en route to Mahaco, Klinger said yes, if the items were being shipped in violation of UNSC sanctions on Iran. The German exporter would not even be able to claim compensation for impounded items if they were being exported in circumvention of UNSC sanctions, Klinger said. Nevertheless, Klinger said, nothing could be established until German authorities had investigated the case. Klinger said the German Government will report the results of its investigation to the USG. Embassy will remain in contact with the German authorities and report further substantive responses.

TIMKEN JR